

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
2000 Biennial Regulatory Review –	)	
Comprehensive Review of the	)	CC Docket No. 00-199
Accounting Requirements and	)	DA 01-1403
ARMIS Reporting Requirements for	)	
Incumbent Local Exchange Carriers:	)	
Phase 2	)	

**COMMENTS OF THE  
OHIO CONSUMERS' COUNSEL**

I. Introduction

The Ohio Consumers' Counsel ("OCC") offers these comments in response to the Public Notice ("Notice") published in the Federal Register on June 26, 2001.<sup>1</sup> The OCC is the statutory representative of Ohio customers of investor-owned utilities.<sup>2</sup>

The Notice requested supplemental comment to the October 18, 2000 Notice of Proposed Rulemaking ("NOPR"). The October 18 NOPR sought comment on, *inter alia*, changes to the Federal Communications Commission's ("Commission") Part 32 Uniform System of Accounts ("USOA"). The Notice now seeks comment on "additions, consolidations, or eliminations of accounts" in the proposed list of accounts attached to the Notice.

The Notice indicates that the "streamlining [of] the Commission's Class A and Class B accounts, as shown in the attachment" was "[b]ased on our review of the specific

---

<sup>1</sup> Federal Register, Vol. 6. No. 123, at 33938.

<sup>2</sup> See Ohio Rev. Code Chapter 4911.

accounts and comments filed in this proceeding....” Unfortunately, the Notice merely presents the list of accounts, without any indication of the basis for including any particular account in the attachment to the Notice (or for excluding other current USOA accounts, or other accounts proposed by the state commission staffs).

This makes comment difficult for any party that was not privy to the deliberations of the Common Carrier Bureau that led to the creation of the list of accounts. In the end, such parties must essentially return to their comments filed in response to the NOPR, and note how the proposed list meets or does not meet the points raised in those comments. The OCC does so here, showing how the proposed list addresses (or fails to address) the issues raised in the comments and reply comments filed jointly by the OCC and the National Association of State Utility Consumer Advocates (“NASUCA”) on December 21, 2000.

As before, it is important to note that the NOPR, and hence the Notice, were issued pursuant to the directive of 47 U.S.C. § 161, which requires the Commission biennially to review its regulations pertaining to telecommunications service to “determine whether any such regulation is no longer necessary in the public interest as the result of meaningful economic competition between providers of such service.” See Notice, ¶ 10. Under that standard, virtually none of the accounts that are not on the proposed list should have been eliminated. This is because even where there exists “meaningful economic competition” for local telecommunications service, the incumbent carriers may remain dominant in their markets, and detailed accounting is still necessary.<sup>3</sup>

---

<sup>3</sup> Clearly, all of the ILECs are still far more dominant in their local markets than AT&T was in the long distance market when the Commission found it to be “non-dominant.”

Equally importantly, for residential consumers in particular competition is either nonexistent or, at best, minimal.

Hence these comments again focus on the need to retain many of the accounts that the proposed list dispensed with, because of the continuing dominance of the carriers in their markets and the need for state regulators, this Commission, and other stakeholders (including consumer advocates) to have access to information about the operations of the carriers. Although we realize that reductions in the accounting requirements will benefit the carriers, where there is a continuing need for this information, the detriment of losing access to the information outweighs any public interest benefit from reducing the regulatory burden on the carriers.<sup>4</sup>

These comments also note ways in which the proposed list does not include certain of the refinements or additions to the list of accounts proposed by state commission staffs. The additions proposed by the state commission staffs added important information about the operations of the carriers.

## II. Part 32 Accounting Rules -- Chart of Accounts

### A. *Retention of account detail*

The United States Telecom Association (“USTA”) had proposed that Class A accounts be eliminated for all carriers regardless of size, and that all carriers use the less-detailed Class B accounts. NOPR, ¶ 16. The OCC is gratified that the proposed list essentially rejects the USTA position.

---

<sup>4</sup> This is especially true given the continuing excellent returns earned by the carriers. It is likely that the reduced expense will simply further pad the carriers’ bloated bottom lines, rather than leading to any benefits for consumers.

The OCC and NASUCA had agreed with the Commission’s concern (NOPR, ¶ 18) about the importance of disaggregated “network plant and related accounts” for the universal service mechanism. Use of the aggregated Class B accounting would have hidden the level of, e.g., digital electronic switching, analog electronic switching, and electromechanical switching within the network, making it difficult to ensure that support went to state-of-the-art switching.<sup>5</sup> The OCC and NASUCA noted as equally important the states’ ability to use this account information for comparative purposes in the development of rates for unbundled network elements (“UNEs”), as discussed in ¶ 19. As the OCC and NASUCA indicated, whether states “could find or develop alternative sources of data for this purpose” (*id.*) is really the wrong question here. The correct question is, *why* should the states find or develop alternative sources of data for this purpose, when this longstanding, familiar source is available?<sup>6</sup> The proposed list properly retains this detail.

On the other hand, the OCC and NASUCA had argued for the retention of Account 5230, Directory Revenue. The proposed list deletes Account 5230. For the reasons set forth in the OCC’s and NASUCA’s December 21, 2000 Phase 2 comments (at 4), it is important for the detail on directory revenue to be available. The removal of Account 5230 should be reversed. As noted, the directory revenue issue is a remnant of the Class A companies’ monopoly status.

---

<sup>5</sup> As noted below, the OCC and NASUCA support the state staffs’ proposal to add additional technology-related detail to the current Class A accounts.

<sup>6</sup> As indicated in the previous footnote, the OCC and NASUCA support the state staffs’ proposal to add additional technology-related detail to the current Class A accounts.

*B. Additional account detail is needed as proposed by the state staffs.*

The OCC and NASUCA supported the state commission staff's proposals. In particular, the OCC and NASUCA submitted that the following additional subaccounts and new accounts are crucial for the post-Act environment:

- Technology (subaccounts for packet and asynchronous transfer mode ["ATM"] switches);
- Universal service (subaccounts for loops and subscriber line charges, new accounts for federal and state universal service support)<sup>7</sup>;
- Local competition (new accounts for reciprocal compensation, resale, wholesale and collocation revenues and expenses; subaccounts for wholesale customer operations expense); and
- Access charges (subaccounts for access revenues, switched and special access).

The proposed list of accounts in Attachment A to the Notice includes some of these suggestions and does not include others. The OCC reiterates here its support for the full proposal of the state commission staffs, with an emphasis on the accounts pertinent to the four bullets above.

It appears that the state commission staff and OCC/NASUCA positions are adopted in the following respects<sup>8</sup>:

- i. The proposed list adds subaccounts to Digital Electronic Switching for Packet and Circuit. See NOPR, Appendix 5, item [1]. It is not clear without further detail whether this requires

---

<sup>7</sup> One example of the need for this detail: In Ohio, the LEC that is the recipient of the greatest amount of federal high cost universal service support (almost \$7 million) currently includes that amount in Account 5082 -- Switched access revenue. This account is allocated entirely to the interstate jurisdiction, despite the fact that the purpose of this support is to keep *local* rates low. This LEC's local rates are among the highest in the state.

<sup>8</sup> Attachment A includes only the brief title for the accounts. Without a definition of terms and a detailed description of the accounts, the true impact of the proposed list is unclear.

effective reporting for Asynchronous Transfer Mode (“ATM”) switches, a significant newer technology.

- ii. The proposed list adds a subaccount to Intangibles for Switching Software. See NOPR, Appendix 5, item [2].
- iii. The proposed list adds revenue and expense accounts for reciprocal compensation, resale unbundled network elements (“UNEs”), and other interconnection revenue and expense. See NOPR, Appendix 5, item [9]. (This appears to satisfy item 9 if Wholesale and Collocation are to be considered “Other Interconnection Revenue.”) The OCC reiterates its position that “wholesale customer service expense” should be broken out here.
- iv. The proposed list adds revenue and expense accounts for USF Support Revenues. This partially satisfies item [9] in Appendix 5 and part of the second bullet in OCC’s and NASUCA’s original comments. “Partially” is used because the account is not broken down between state and federal USF support. The source of the USF revenue is a crucial datum.

On the other hand, the following proposals included in Appendix 5 of the NOPR are not included in the proposed list of accounts in Attachment A to the current Notice:

- v. The proposed list does not add Loop or Interoffice transport subaccounts to Cable & Wire, IOT, or Central Office Transmission. See NOPR, Appendix 5, item [3].
- vi. The proposed list does not add a Subscriber Line Charge subaccount to End User Revenue. See NOPR, Appendix 5, item [4]; see also OCC/NASUCA at 6, second bullet.
- vii. The proposed list rule does not add subaccounts for revenue received from originating and terminating calls to the Switched Access Revenue account. See NOPR, Appendix 5, item [5].
- viii. The proposed list does not add Switched and Special Access and Subscriber Line Charge subaccounts to State Access Revenue. See NOPR, Appendix 5, item [6]; see also OCC/NASUCA at 6, fourth bullet.
- ix. The proposed list rule does not add Wholesale and Retail subaccounts to Customer Service. See NOPR, Appendix 5, item [7].

- x. The proposed list does not add Federal and State and Local subaccounts to Deferred Operating Income Taxes. See NOPR, Appendix 5, item [8].

As noted in the OCC/NASUCA comments, each of these areas is one where states are and will be making significant decisions in the next few years. The decisions are unavoidable, and should be based on the most accurate and detailed information available. Further, the information, although predominantly used by state commissions, will also be used by state consumer advocates and other stakeholders.

Finally, the Commission asked whether these new accounts and subaccounts should be required for both Class A and Class B carriers. NOPR, ¶ 20. The proposed list of accounts adds this detail only for Class A, not for Class B. As discussed in the OCC/NASUCA comments, the issues as to which the information in these new accounts are relevant pertain to all carriers, and will not be disappearing for larger or smaller carriers. The OCC continues to support requiring both Class A and Class B carriers to add this additional detail to their accounting systems.

### III. Conclusion

In its earlier orders, the Commission has already substantially relaxed the reporting requirements applicable to all carriers. See NOPR, ¶¶ 10-11. The Telecommunications Act of 1996 keyed relaxation of regulation to the existence of “meaningful economic competition” between providers. 47 U.S.S. § 161. The OCC again submits that the level of competition in the United States today -- particularly for local exchange competition, and specifically for residential customers -- is still limited enough so as to increase, not decrease, the need for meaningful information on the near-monopoly operations of the incumbent local exchange companies. The OCC appreciates the changes that have been proposed to add detail to the list of accounts, but continues to

support the inclusion of additional detail as set forth herein. This additional reporting is crucial for the transition to competition and a technologically-advanced network.

Respectfully submitted,

ROBERT S. TONGREN  
CONSUMERS' COUNSEL

---

David C. Bergmann  
Assistant Consumers' Counsel  
[Bergmann@occ.state.oh.us](mailto:Bergmann@occ.state.oh.us)

Ohio Consumers' Counsel  
10 West Broad Street, Suite 1800  
Columbus, OH 43215-3485  
Phone (614) 466-8574  
Fax (614) 466-9475